

**CALIFORNIA MEDICAL ASSISTANCE COMMISSION**

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**CALIFORNIA MEDICAL ASSISTANCE COMMISSION**

State Capitol, Room 113  
Sacramento, CA

Minutes of Meeting  
July 10, 2008

**COMMISSIONERS PRESENT**

Cathie Bennett Warner, Chair  
Michele Burton, M.P.H.  
Wilma Chan  
Marvin Kropke  
Vicki Marti

**COMMISSIONERS ABSENT**

Nancy McFadden

**EX-OFFICIO MEMBERS PRESENT**

Cathy Halverson, Department of Health Care Services

**EX-OFFICIO MEMBERS ABSENT**

John Fitzpatrick II, Department of Finance

**CMAC STAFF PRESENT**

J. Keith Berger, Executive Director  
Tacia Carroll  
Nathan Davis  
Denise DeTrano  
Holland Golec  
Mark Klobberdanz  
Katie Knudson  
Jenny Morgan  
Becky Swol  
Mervin Tamai  
Karen Thalhammer

**I. Call to Order**

The July 10, 2008 open session meeting of the California Medical Assistance Commission (CMAC) was called to order by Chair Cathie Bennett Warner. A quorum was present.

**II. Approval of Minutes**

The June 26, 2008 meeting minutes were approved as prepared by CMAC staff.

### **III. Executive Director's Report**

Keith Berger, Executive Director, began his report by informing the Commissioners that the Budget Conference Committee continues to meet several times per week. He noted that additional actions relating to CMAC issues were taken at the last couple of hearings, but will not be final until the budget is signed.

The Conference Committee, Mr. Berger continued, acted to utilize funds from the second component of the Distressed Hospital Fund to repay the federal government for the disallowed Fresno County Intergovernmental Transfer (IGT). He noted that the Committee has also acted to reduce next year's general fund appropriation for the Private Hospital Supplemental Fund by \$13.6 million to help them offset a restoration of the \$22.6 million reduction in private hospital virtual Disproportionate Share Hospital (DSH) funding originally proposed by the Administration. He said the impact of those actions on CMAC's current negotiations and negotiation strategies can be discussed during closed session, but in general they will reduce the flexibility CMAC has to assist hospitals and to mitigate rate increases during a difficult budget year.

Mr. Berger explained that the other two items discussed at prior CMAC meetings are the Senate Budget Committee proposals that provided for placeholder trailer bill language that would 1) move responsibility for establishing reimbursement levels for Geographic Managed Care (GMC) plans from CMAC to the Department of Health Care Services (DHCS) and 2) address the future structure of CMAC.

The Conference Committee, Mr. Berger said, moved the Senate version on the first item, so the Legislature will be developing trailer bill language that transfers the responsibility for establishing rates for the health plans in the GMC program to DHCS. The Conference Committee accepted the Assembly version of the second item regarding the future structure of CMAC, which had no trailer bill language proposed and effectively remove the issue from consideration.

Mr. Berger noted he would let DHCS, during their report, address the status of the two Administration proposals regarding additional reductions to rates for non- Selective Provider Contracting Program (SPCP) contract hospitals in the fee-for-service and managed care programs and other issues.

Mr. Berger announced, just as a reminder to everyone, that the Office of Statewide Health Planning and Development (OSHPD) open session presentation on the changes in seismic safety requirements for hospitals had been rescheduled for the July 24 CMAC meeting. Mr. Berger is hopeful everyone can attend to hear their update on the status of the program.

Mr. Berger said CMAC also invited a representative from the California Hospital Association (CHA) to be present to provide some comments on the seismic safety issues from the industry's perspective.

Mr. Berger concluded his report by noting that there were 10 contracts and amendments before the Commissioners for review and action in closed session as well as several updates and discussions regarding current hospital and managed care negotiations.

#### **IV. Department of Health Care Services (DHCS) Report**

Cathy Halverson, DHCS, informed CMAC that DHCS continues to work on proposals to reduce payments to non-SPCP contract hospitals to the lower of 90 percent of cost or CMAC's average regional rate minus five percent, which has not changed from her last CMAC update. Ms. Halverson noted that the proposal language is still being refined but that the new language exempts rural hospitals and hospitals in open Health Facility Planning Areas (HFPAs), except for hospitals in those open areas with three or more hospitals that have licensed general acute care beds, and open HFPA's that have been closed at anytime since July 1, 2005. She also explained that the statewide CMAC average rate for tertiary hospitals has been changed to a regional CMAC average rate for tertiary hospitals.

Regarding the managed care component, Ms. Halverson explained that the proposals to reduce Health Plan payments to out-of-network hospitals include emergency services, which would be paid at the CMAC average regional rate, and outpatient services, which would be reimbursed at the Medi-Cal fee schedule.

Ms. Halverson said that there is no longer a reference to rates for post stabilization and non-emergency services in the proposed language.

In a question asked by Chair Bennett Warner, Ms. Halverson noted that she expects there to be an increase in SPCP contracting hospitals resulting from these proposals.

Regarding the Physician State Plan Amendment (SPA), which is part of the hospital financing waiver, Ms. Halverson announced that the first payments, totaling \$67 million, have been dispersed to designated public hospitals.

#### **V. New Business/Public Comments/Adjournment**

There being no new business and no comments from the public, Chair Bennett Warner recessed the open session. Chair Bennett Warner opened the closed session, and after closed session items were addressed, adjourned the closed session, at which time the Commission reconvened in open session. Chair Bennett Warner announced that the Commission had taken action on hospital contracts and amendments in closed session. The open session was then adjourned.